

REVITALIZING THE WTO SERVICES NEGOTIATIONS THROUGH DEVELOPMENT FRIENDLY APPROACHES

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Market access negotiations under the Doha Development Agenda (DDA) have given the least attention to the services sectors. Deadlines for requests and offers have been largely ignored; most offers provide little in the way of new commitments to market access, and there has been little political impetus to date in generating a more energetic negotiation in the services sectors. On the eve of the Hong Kong Ministerial, we provide a number of specific ideas that would improve the capacity of developing countries to participate in the services negotiations as well as to outline how technical assistance (TA) and trade capacity building can assist developing countries in generating a more dynamic services economy to meet their development needs.

The following proposals would contribute directly to the services negotiating process itself:

1. Negotiating commitments that are staged over an appropriate period of time to enable a developing country to receive regulatory TA it has identified as necessary to allow for the participation of foreign services and services suppliers. The commitment would not enter into legal force until the specified TA has been provided.
2. Appropriate funding for the participation of sector (modal) experts from developing countries that choose to participate in the negotiating process itself, in particular the sector initiatives. This would enable developing countries to contribute more effectively to the content of the sector proposals, possibly enabling a larger number of them to assume obligations with conditions reflecting their regulatory situation.
3. Obtaining negotiating credits for autonomous liberalization as a condition for including in a service in GATS schedules, where liberalization has occurred autonomously.
4. Technical assistance for building a consultative mechanism with services providers in developing countries to enhance developing country capacity to negotiate sectors of export interest to them. In this connection, developing countries are encouraged to make a common proposal for the temporary entry of natural persons (mode four).

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5. At Hong Kong, WTO members should call for improved TA along these specific lines, and to recall the overall importance of it, both for Geneva negotiators and officials in capitals, to enable them to undertake services assessments and improve regulatory capacities. These include:
 - a. Aid for the supply capacity of services (e.g. human resources programs)
 - b. Aid for addressing the regulatory framework and capacities (e.g. establish a regulatory agency in the telecommunications sector)
 - c. Aid for addressing bottlenecks at the level of capitals, e.g. in kickstarting national services trade policy and equipping it with the funds that buy in technical cooperation.

Irrespective of the trade negotiating procedures under consideration, developing countries need further TA to help them to trade in services, regulate them, and participate in the negotiations. At Hong Kong, we think WTO Members establish specific timelines for the implementation of LDC modalities along the following lines:

1. Complete the process of establishing appropriate mechanisms that assist LDC's in establishing sector and modal priorities in the services sectors by no later than April 1, 2006.
2. Identify an initial list of sector and modes of supply of interest to LDC's by June 15, 2006.
3. Non-LDC countries will be asked to present an initial set of draft commitments and modes of supply in response to LDC identified interests by no later than September 1, 2006
4. Outline a program of work addressing investment promotion, export and import promotion, strengthening of LDC country supply capacity, and targeted (and coordinated) TA to LDC's that will fulfill these objectives by no later than April 2006, with an annual review of the progress of these efforts to commence February 1 of each year following implementation of the work program. A stocktaking now of current types of support for LDC's to overcome the constraints to further trade in services will facilitate this process.